

City of Argonia, Kansas

Financial Statement

December 31, 2017

Governing Body

Alan Brundage, Mayor
Wayne Vineyard
Scott Jones
Bob Randall
Jim Pierce
Don Phillips

City Clerk

Mindy Mages

City Treasurer

Kim Morin

Independent Auditors

Kenneth L Cooper Jr CPA, Chtd
Certified Public Accountants
Wellington, Kansas

City of Argonia, Kansas

Year Ended December 31, 2017

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Independent Auditors' Report

To the Honorable Mayor and City Council
City of Argonia
Argonia, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Argonia, Kansas, (a Municipality) as of and for the year ended December 31, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Argonia, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Argonia, Kansas as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

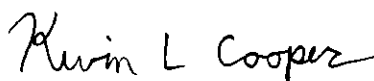
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Argonia, Kansas as of December 31, 2017, and the aggregate receipts and expenditures for the year ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2017 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds, (Schedules 1, 2 and 3 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2017 basic financial statement; however are required to be presented under the provisions of the *Kansas Municipal Audit Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 Actual column presented in the individual fund schedules of receipts and expenditures-actual and budget, regulatory basis (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered an unqualified opinion dated October 2, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement taken as a whole, on the basis of accounting described in Note 1.



Certified Public Accountants
Wellington, Kansas
November 2, 2018

City of Argonia, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
For the Year Ended December 31, 2017

| <u>Funds</u> | <u>Beginning Unencumbered Cash Balance</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Ending Unencumbered Cash Balance</u> | <u>Add Outstanding Encumbrances/ Accounts Pay.</u> | <u>Ending Cash Balance</u> |
|--------------------------|--|--------------------|---------------------|---|--|--------------------------------|
| Governmental Type Funds: | | | | | | |
| General Fund | \$ 82,701 | \$ 329,879 | \$ 305,777 | \$ 106,803 | \$ 4,824 | \$ 111,627 |
| Special Purpose Funds: | | | | | | |
| Special Highway | 9,406 | 12,942 | 17,874 | 4,474 | - | 4,474 |
| Equipment Reserve | 85,292 | 10,000 | - | 95,292 | - | 95,292 |
| Park Trust | 10,624 | 16,744 | 15,998 | 11,370 | 457 | 11,827 |
| Argonia Daze | 1,186 | 4,040 | 3,691 | 1,535 | - | 1,535 |
| Drag Races | - | 6,675 | 4,881 | 1,794 | - | 1,794 |
| Argonia Recreation Fund | 16,000 | 4,000 | - | 20,000 | - | 20,000 |
| Bond and Interest Funds: | | | | | | |
| Bond & Interest | 29,613 | 40,596 | 35,540 | 34,669 | - | 34,669 |
| Capital Project Funds: | | | | | | |
| Capital Improvements | 11,068 | - | - | 11,068 | - | 11,068 |
| Sewer Improvement-SRF | 4 | - | 4 | - | - | - |
| CDBG Water | 5 | 2,317,839 | 2,317,839 | 5 | - | 5 |
| Business Funds: | | | | | | |
| Water and Sewer Utility | 373,204 | 236,324 | 382,391 | 227,137 | 2,184 | 229,321 |
| Gas Utility | 55,748 | 167,830 | 161,188 | 62,390 | 10,431 | 72,821 |
| Ambulance | 36,073 | 56,068 | 47,783 | 44,358 | 131 | 44,489 |
| Cemetery | 55,320 | 17,353 | 18,054 | 54,619 | 144 | 54,763 |
| Solid Waste Utility | (2,360) | 58,668 | 52,615 | 3,693 | 4,229 | 7,922 |
| Trust Funds: | | | | | | |
| Vera M Linn Cemetery | | | | | | |
| Memorial Fund | 68,456 | 788 | 700 | 68,544 | - | 68,544 |
| Cemetery Building | 2,446 | 3 | - | 2,449 | - | 2,449 |
| Total reporting entity | <u>\$ 834,786</u> | <u>\$3,279,749</u> | <u>\$ 3,364,335</u> | <u>\$ 750,200</u> | <u>\$ 22,400</u> | <u>\$ 772,600</u> |

City of Argonia, Kansas
Summary Statement of Receipts, Cash Disbursements and Unencumbered Cash
 Regulatory Basis
For the Year Ended December 31, 2017

Composition of Cash Balance:

| | |
|---------------------------|---------|
| Cash on hand, city Clerk | \$ 150 |
| Cash in checking account: | |
| Conway Bank, Argonia | |
| Operating account | 572,708 |
| Cemetery Building account | 2,449 |
| Argonia Daze account | 1,535 |
| Sewer Improvement account | - |
| CDBG account | 5 |

Certificates of Deposit
 Conway Bank, Argonia:

| | <u>Rate</u> | <u>Maturity</u> | |
|-------------------------------|-------------|-----------------|----------------|
| CD #22718 | 0.350% | 3/18/2017 | 5,000 |
| CD #22719 | 0.350% | 3/18/2017 | 5,000 |
| CD #7731 | 1.250% | 3/10/2018 | 5,000 |
| CD #7733 | 1.250% | 3/10/2018 | 5,000 |
| CD #22173 | 0.650% | 10/31/2018 | 2,200 |
| CD #6886 | 1.250% | 12/1/2017 | 5,000 |
| CD #21830 | 0.450% | 1/24/2017 | 100,000 |
| CD #23588 | 1.000% | 3/14/2017 | 70,000 |
| Total Certificates of Deposit | | | <u>197,200</u> |

| | |
|----------------------------|-------------------|
| Total cash and investments | 774,047 |
| Agency fund per Schedule 3 | <u>(1,447)</u> |
| Total reporting entity | <u>\$ 772,600</u> |

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

1. Summary of Significant Accounting Policies

A. Municipal Financial Reporting entity

The City of Argonia, Kansas (“City”) is a municipal corporation operating under a Mayor-Council form of government. It provides the following services: Public Safety-Police, Volunteer Fire and Emergency Medical Services, Highways and Streets, Public Improvements, Utilities-Gas, Water, Sewer, Refuse, and General Administrative Services. This regulatory financial statement presents only the municipality with no related municipal entities.

B. Regulatory Basis Fund Types

General Fund--the chief operating fund of the City. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund—used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund—used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund—used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund—funds financed in whole or in part by fees charged to users of the goods or services (i.e. utility services and internal service funds).

Trust Fund—funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purposed trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund--funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, sales tax collection accounts, etc.).

C. Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

D. Property taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid and unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

E. Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund that receives the reimbursement.

F. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

F. Budgetary Information (continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose fund: Equipment Reserve Fund. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. Stewardship, Compliance and Accountability

A. Compliance With Finance-Related Legal and Contractual Provisions

- Treasurer's Fund Record K.S.A. 10-1118 requires that the treasurer of every municipality keep records to show the amount of money in each fund. The Clerk at the City of Argonia maintains such records, but the Treasurer does not maintain independent fund records.
- Encumbrance Records K.S.A. 79-2934 provides that "the clerk shall open and keep an account of each fund showing the total amount appropriated for each fund and shall charge such appropriation with the amount of any indebtedness created at the time such indebtedness is incurred." The City's records show the amount of funds disbursed and remaining budget balance, but do not reflect encumbrances, which is what is meant by the "amount of indebtedness created at the time such indebtedness is incurred." K.S.A. 10-1117 also requires a record of encumbrances to prevent violation of the cash basis law.
- Budget Law K.S.A. 79-2935 states that expenditures should not exceed the adopted budget of a fund, if that fund is subject to the budget law. In 2017, the City created a new fund, the Argonia Drag Races and spent \$4,881 from that fund, all in excess of its budget, as it was not included in the City's 2017 budget when it was prepared.

B. Negative Fund Balances

- There were no funds that had a negative unencumbered cash balance at December 31, 2017.

3. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no investment policy that would further limit interest rate risk.

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

3. Deposits and Investments (continued)

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; US government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not designate any peak periods in 2017. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City's carrying amount of deposits was \$773,898 and the bank balance was \$819,918. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$447,200 was covered by federal depository insurance and \$372,718 was collateralized with securities held by the pledging financial institutions' agents in the City's name and an irrevocable letter of credit from the Federal Home Loan Bank.

4. Long-term Debt

Changes in long-term liabilities for the City for the year ended December 31, 2017 were as follows:

| | Interest Rate | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Balance 12/31/2015 | Interest Paid |
|---------------------------------|------------------|------------------|--------------------|------------------------------|---------------------------------|--------------------|-------------------------|-----------------------|------------------|
| General Obligation Bonds | | | | | | | | | |
| Series 2015 GO Refunding | 1.2-2.5% | 10/1/2015 | 315,000 | 9/1/2025 | <u>285,000</u> | <u>-</u> | <u>30,000</u> | <u>255,000</u> | <u>5,540</u> |
| | | | | | <u>\$285,000</u> | <u>\$ -</u> | <u>\$ 30,000</u> | <u>\$ 255,000</u> | <u>\$ 5,540</u> |
| Other Debt | | | | | | | | | |
| Revolving Loan KWPCRLF | 2.55% | 9/24/2010 | 907,256 | 9/1/2032 | \$527,086 | \$ - | \$ 27,056 | \$ 500,030 | \$ 13,269 |
| Revolving Loan KPWSLF | 2.16% | 12/10/2012 | 2,033,286 | 2/1/2035 | <u>43,132</u> | <u>1,820,589</u> | <u>52,669</u> | <u>1,811,052</u> | <u>4,457</u> |
| | | | | | <u>\$570,218</u> | <u>\$1,820,589</u> | <u>\$ 79,725</u> | <u>\$2,311,082</u> | <u>\$ 17,726</u> |
| Total | | | | | <u>\$855,218</u> | <u>\$1,820,589</u> | <u>\$ 109,725</u> | <u>\$2,566,082</u> | <u>\$ 23,266</u> |

Under the KPWSLF agreement, the City is authorized to borrow a total of \$2,400,000 to construct a public water treatment facility of which \$600,618 was forgiven by the State of Kansas on February 23, 2018. These funds have been drawn down as the project progressed in 2017 and prior years.

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

4. Long-term Debt (continued)

Current maturities of existing long-term debt and interest for the next five years and in five year increments through maturity are as follows:

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023-2028</u> | <u>2029-2032</u> | <u>2030-2034</u> | <u>Totals</u> |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| Principal | | | | | | | | | |
| General Obligation Bonds | 30,000 | 35,000 | 35,000 | 35,000 | 35,000 | 85,000 | - | - | 255,000 |
| Revolving Loan KWPCRLF | 27,751 | 28,463 | 29,193 | 29,942 | 30,711 | 165,788 | 188,182 | - | 500,030 |
| Revolving Loan KPWSLF (see note) | <u>82,082</u> | <u>64,641</u> | <u>66,045</u> | <u>67,479</u> | <u>68,945</u> | <u>367,843</u> | <u>409,558</u> | <u>221,880</u> | <u>1,348,473</u> |
| | <u>139,833</u> | <u>128,104</u> | <u>130,238</u> | <u>132,421</u> | <u>134,656</u> | <u>618,631</u> | <u>597,740</u> | <u>221,880</u> | <u>2,103,503</u> |
| Interest | | | | | | | | | |
| General Obligation Bonds | 4,865 | 4,505 | 4,015 | 3,455 | 2,825 | 3,663 | - | - | 23,328 |
| Revolving Loan KWPCRLF | 12,575 | 11,863 | 11,132 | 10,383 | 9,615 | 35,840 | 13,447 | - | 104,855 |
| Revolving Loan KPWSLF | <u>31,038</u> | <u>27,007</u> | <u>25,603</u> | <u>24,169</u> | <u>22,703</u> | <u>90,397</u> | <u>48,683</u> | <u>7,241</u> | <u>276,841</u> |
| | <u>48,478</u> | <u>43,375</u> | <u>40,750</u> | <u>38,007</u> | <u>35,143</u> | <u>129,900</u> | <u>62,130</u> | <u>7,241</u> | <u>405,024</u> |
| Total Principal & Interest | <u>188,311</u> | <u>171,479</u> | <u>170,988</u> | <u>170,428</u> | <u>169,799</u> | <u>748,531</u> | <u>659,870</u> | <u>229,121</u> | <u>2,508,527</u> |

Note: These maturity payments reflect the final draw down of \$138,039 and the \$600,618 forgiveness by the State of Kansas on February 23, 2018.

5. Capital Project Funds

The City approved a bid of \$2,456,183 for construction of a new water treatment plant to be constructed in 2017. This project was financed from a Community Development Block Grant of \$500,000 and a Kansas Water Supply loan of up to \$2,400,000. At the end of 2017 the expenditures remaining on this contract and paid in 2018 amounted to \$131,033.20. The remaining draw on the Kansas Water Supply loan for this project was received in February, 2018 in the amount of \$138,039. The total project authorization was \$2,900,000, \$2,317,839 had been spent from the capital project fund as of December 31, 2017. Other project expenditures have been paid from the Water and Sewer Fund.

6. Claims and Judgments

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2015 to 2016 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

City of Argonia, Kansas

Notes to Financial Statement

December 31, 2017

7. Interfund transfers and other interfund activity

The following is a schedule of interfund operating transfers made in 2017:

| <u>From:</u> | <u>To:</u> | <u>Regulatory Authority</u> | <u>Amount</u> |
|-----------------------|-------------------|---------------------------------|---------------|
| Water & Sewer Utility | Bond & Interest | 12-825d | 25,000 |
| Water & Sewer Utility | General | 12-825d | 20,000 |
| Gas Utility | General | 12-825d | 20,000 |
| General | Equipment Reserve | 12-117 | 10,000 |
| Vera Linn | Cemetery | Trust Document | 700 |

8. Other Long-Term Obligations from Operations

A. Post-Employment Health Care Benefits

The City does not maintain a group health insurance plan for its employees or retirees, nor does it have any other post-employment benefits.

B. Compensated absences

The City's policies regarding vacations permit full time employees to accrue vacation at the rate of five days after one year of service, ten days after three years of service and fifteen days after ten years of employment. Unused vacation does not carry over to the next year. Upon termination or resignation from service with the City, employees are entitled to payment for all accrued vacation. Full time employees earn sick time at the rate of eight hours per month, to a maximum of 240 hours accrued. Sick leave may be used as personal leave if prior notification is given. There are no other post-employment benefits for employees.

9. Defined Contribution Pension Plan

The City established a SIMPLE retirement plan July 1, 1997. A SIMPLE is a defined contribution plan under the Internal Revenue Code where employees may elect to reduce their salary and, for 2017, contribute up to \$15,500 per year into the plan. The City chooses to match employee contributions up to a maximum of 3% of compensation. Employer contributions were \$2,895 and \$3,244 in 2017 and 2016, respectively.

10. Vera M. Linn Memorial Endowment

During 1995, the City was notified that it was the beneficiary of a bequest from the Vera M. Linn Estate. The total bequest was \$69,685.16. The terms of the Last Will and Testament of Vera M. Linn state that funds be deposited in "...the perpetual care fund of Argonia Cemetery, Argonia, Kansas, and request that the income there from be used annually for Memorial Day flowers and the upkeep for the graves of the descendants of George Linn and Charles Ford in said Cemetery." The City inadvertently expended \$1,228.72 of endowment funds in 2016, which will be restored in future years.

City of Argonia, Kansas
Notes to Financial Statement
December 31, 2017

11. Subsequent Events

Management has evaluated the effects of the financial statement of subsequent events occurring through November 2, 2018, which is the date at which the financial statement was available to be issued.

Water Treatment Plant Project

The City completed construction of its Water Treatment Facility in 2018, receiving its final loan proceeds from the State of Kansas and making its final payment on the construction contract on February 23, 2018, in the amount of \$139,033. In addition, the State of Kansas forgave \$600,618 of the KPWSLF revolving loan on that date, leaving a balance due of \$1,348,472 as of February 23, 2018.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

City of Argonia, Kansas
Summary of Expenditures--Actual and Budget
 Regulatory Basis
(Budgeted Funds Only)
 For the Year Ended December 31, 2017

| <u>Fund</u> | <u>Certified Budget</u> | <u>Adjustment for Qualifying Budget Credits</u> | <u>Total Budget for Comparison</u> | <u>Expenditures Chargeable to Current Year</u> | <u>Variance- Favorable/ (Unfavorable)</u> |
|--------------------------|-----------------------------|---|--|--|---|
| General | \$ 419,125 | \$ - | \$ 419,125 | \$ 305,777 | \$ 113,348 |
| Special Purpose Funds | | | | | |
| Special Highway | 21,499 | - | 21,499 | 17,874 | 3,625 |
| Park Trust | 21,090 | - | 21,090 | 15,998 | 5,092 |
| Argonia Daze | 7,947 | - | 7,947 | 3,691 | 4,256 |
| Argonia Drag Races | - | - | - | 4,881 | (4,881) |
| Argonia Recreation | 12,000 | - | 12,000 | - | 12,000 |
| Bond & Interest Funds: | | | | | |
| Bond & Interest | 67,295 | - | 67,295 | 35,540 | 31,755 |
| Business Funds: | | | | | |
| Water and Sewer Utility | 631,825 | - | 631,825 | 382,391 | 249,434 |
| Gas Utility | 387,990 | - | 387,990 | 161,188 | 226,802 |
| Ambulance | 90,263 | - | 90,263 | 47,783 | 42,480 |
| Cemetery | 42,000 | - | 42,000 | 18,054 | 23,946 |
| Solid Waste Utility | 54,128 | - | 54,128 | 52,615 | 1,513 |
| Trust Funds: | | | | | |
| Vera M Linn Cemetery | | | | | |
| Memorial Fund | 2,000 | - | 2,000 | 700 | 1,300 |
| Cemetery Building | 2,462 | - | 2,462 | - | 2,462 |
| Total primary government | <u>1,759,624</u> | <u>-</u> | <u>1,759,624</u> | <u>1,046,492</u> | <u>713,132</u> |

City of Argonia, Kansas
General Fund
Schedule of Receipts & Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | |
|---|-------------------|-------------------|-------------------|---|
| | 2016 | | | Variance- |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Favorable/</u> <u>(Unfavorable)</u> |
| <u>Receipts</u> | | | | |
| Taxes and Intergovernmental: | | | | |
| Ad valorem property tax | \$ 101,166 | \$ 103,338 | \$ 105,986 | \$ (2,648) |
| Less NRP rebate | (4,063) | (4,052) | (4,100) | 48 |
| Delinquent taxes | 2,347 | 3,077 | 4,000 | (923) |
| Motor vehicle tax | 21,900 | 21,191 | 19,991 | 1,200 |
| Recreational vehicle & 16/20M tax | 1,011 | 1,047 | 940 | 107 |
| Special assessments | - | - | - | - |
| Local sales tax | 30,978 | 28,533 | 36,000 | (7,467) |
| Franchise taxes | 23,710 | 26,171 | 25,000 | 1,171 |
| Sumner County Road & Bridge | 6,000 | 6,000 | 6,000 | - |
| Licenses, fines and permits: | | | | |
| Licenses and permits | 1,354 | 3,123 | 1,000 | 2,123 |
| Fines and court fees | 5,301 | 66,481 | 12,000 | 54,481 |
| Interest earnings | 1,422 | 1,675 | - | 1,675 |
| Other: | | | | |
| Swimming pool revenue | 5,742 | 4,918 | 5,500 | (582) |
| Community building rental | 800 | 950 | 1,000 | (50) |
| Miscellaneous revenues | 492 | 17,260 | 200 | 17,060 |
| Insurance proceeds | 51 | - | - | - |
| Streets & parks donations | - | - | 500 | (500) |
| Memorial-Fire Dept | 15,440 | - | 1,000 | (1,000) |
| Firemen's Relief reimbursement | 6,288 | 6,233 | 5,000 | 1,233 |
| Miscellaneous | 3,465 | 3,934 | - | 3,934 |
| Operating transfers from Gas fund | 20,000 | 20,000 | 20,000 | - |
| Operating transfers from Water & Sewer fund | 20,000 | 20,000 | 20,000 | - |
| Total receipts | <u>\$ 263,404</u> | <u>\$ 329,879</u> | <u>\$ 260,017</u> | <u>\$ 69,862</u> |

City of Argonia, Kansas

Schedule 2-1

Page 2

General Fund

Schedule of Receipts & Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | <u>2017</u> | | |
|--|------------------|-------------------|---------------|--|
| | <u>2016</u> | <u>Actual</u> | <u>Budget</u> | Variance- Favorable/ (Unfavorable) |
| <u>Expenditures</u> | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | |
| Administration | | | | |
| Personal services | \$ 46,963 | \$ 47,157 | \$ 48,000 | \$ 843 |
| Employee benefits | 5,004 | 5,494 | 4,000 | (1,494) |
| Contractual | 54,060 | 55,393 | 50,000 | (5,393) |
| Commodities | 1,419 | 2,854 | 5,000 | 2,146 |
| Capital outlay | - | - | - | - |
| Police | | | | |
| Personal services | 44,276 | 42,920 | 47,000 | 4,080 |
| Employee benefits | 3,387 | 3,283 | 3,000 | (283) |
| Contractual | 4,069 | 22,602 | 5,500 | (17,102) |
| Commodities | 3,216 | 15,048 | 6,000 | (9,048) |
| Capital outlay | - | - | - | - |
| Fire | | | | |
| Contractual | 12,411 | 13,945 | 6,000 | (7,945) |
| Commodities | 422 | - | 30,000 | 30,000 |
| Memorial Expense | 15,410 | - | - | - |
| Capital outlay | - | 1,502 | - | (1,502) |
| Street and Park | | | | |
| Contractual | 14,673 | 12,192 | 17,000 | 4,808 |
| Commodities | 5,981 | 6,226 | 12,000 | 5,774 |
| Capital outlay | 10,054 | 29,000 | 29,000 | - |
| Pool | | | | |
| Personal services | 14,100 | 20,410 | 13,000 | (7,410) |
| Employee benefits | 1,079 | 1,561 | - | (1,561) |
| Contractual | 4,800 | 3,727 | 3,000 | (727) |
| Commodities | 10,755 | 10,463 | 13,000 | 2,537 |
| Capital outlay | - | - | 12,500 | 12,500 |
| Non-departmental | | | | |
| Contingency/Capital outlay | - | - | 108,125 | 108,125 |
| Other | - | - | - | - |
| Appropriation to Argonia Daze | - | 2,000 | 2,000 | - |
| Appropriation to Park Trust | 7,000 | - | 5,000 | 5,000 |
| Operating transfers to Equipment Reserve | <u>15,000</u> | <u>10,000</u> | <u>-</u> | <u>(10,000)</u> |
| Total expenditures | \$ 274,079 | \$ 305,777 | \$ 419,125 | \$ 113,348 |
| Receipts over (under) expenditures | \$ (10,675) | \$ 24,102 | | |
| Unencumbered cash balance, beginning | 93,376 | 82,701 | | |
| Prior period adjustment to beginning balance | <u>-</u> | <u>-</u> | | |
| Unencumbered cash balance, ending | <u>\$ 82,701</u> | <u>\$ 106,803</u> | | |

City of Argonia, Kansas
Special Purpose Fund
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | <u>2017</u> | | |
|--------------------------------------|---------------|---------------|---------------|--|
| | <u>2016</u> | <u>Actual</u> | <u>Budget</u> | Variance- Favorable/ (Unfavorable) |
| <u>Receipts</u> | <u>Actual</u> | | | |
| Intergovernmental: | | | | |
| State payments | \$ 13,014 | \$ 12,942 | \$ 12,770 | \$ 172 |
| Total receipts | \$ 13,014 | \$ 12,942 | \$ 12,770 | \$ 172 |
| <u>Expenditures</u> | | | | |
| Street repairs and maintenance | \$ 34,427 | \$ 17,874 | \$ 21,499 | \$ 3,625 |
| Total expenditures | \$ 34,427 | \$ 17,874 | \$ 21,499 | \$ 3,625 |
| Receipts over (under) expenditures | \$ (21,413) | \$ (4,932) | | |
| Unencumbered cash balance, beginning | 30,819 | 9,406 | | |
| Unencumbered cash balance, ending | \$ 9,406 | \$ 4,474 | | |

City of Argonia, Kansas
Special Purpose Fund
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 <u>Actual</u> |
|--------------------------------------|-----------------------|-----------------------|
| <u>Receipts</u> | | |
| Transfer from General Fund | 15,000 | 10,000 |
| Transfer from Ambulance | 1,584 | - |
| Transfer from Cemetery | \$ 10,000 | \$ - |
| | | |
| Total receipts | \$ 26,584 | \$ 10,000 |
| | | |
| <u>Expenditures</u> | | |
| Capital outlay | \$ - | \$ - |
| Commodities | 2,000 | - |
| | | |
| Total expenditures | \$ 2,000 | \$ - |
| | | |
| Receipts over (under) expenditures | \$ 24,584 | \$ 10,000 |
| | | |
| Unencumbered cash balance, beginning | 60,708 | 85,292 |
| | | |
| Unencumbered cash balance, ending | \$ 85,292 | \$ 95,292 |

City of Argonia, Kansas

Special Purpose Fund

Park Trust Fund**Schedule of Receipts and Expenditures-Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | |
|--------------------------------------|------------------|------------------|------------------|-----------------------------------|
| | 2016 | | | Variance- |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Favorable/ Unfavorable</u> |
| <u>Receipts</u> | | | | |
| Fees | \$ 11,172 | \$ 16,115 | \$ 12,000 | \$ 4,115 |
| Other miscellaneous | - | 629 | - | 629 |
| Appropriation from general fund | 7,000 | - | 5,000 | (5,000) |
| Reimbursements | <u>2,407</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ 20,579</u> | <u>\$ 16,744</u> | <u>\$ 17,000</u> | <u>\$ (256)</u> |
| <u>Expenditures and Transfers</u> | | | | |
| Personal services | \$ 2,934 | \$ 1,531 | \$ 4,000 | \$ 2,469 |
| Contractual services | 7,370 | 11,377 | 9,000 | (2,377) |
| Commodities | 5,741 | 3,045 | 8,000 | 4,955 |
| Contingency | - | - | 90 | 90 |
| Capital outlay | - | - | - | - |
| River Park deposit refund | - | 45 | - | (45) |
| Total expenditures | <u>16,045</u> | <u>15,998</u> | <u>21,090</u> | <u>5,092</u> |
| Receipts over (under) expenditures | \$ 4,534 | \$ 746 | | |
| Unencumbered cash balance, beginning | <u>6,090</u> | <u>10,624</u> | | |
| Unencumbered cash balance, ending | <u>\$ 10,624</u> | <u>\$ 11,370</u> | | |

City of Argonia, Kansas
Special Purpose Fund
Argonia Daze Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | <u>2017</u> | | |
|--------------------------------------|-----------------|-----------------|-----------------|--|
| | <u>2016</u> | <u>Actual</u> | <u>Budget</u> | Variance- Favorable/ (Unfavorable) |
| <u>Receipts</u> | <u>Actual</u> | | | |
| Appropriation from General Fund | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ - |
| Program receipts | <u>2,280</u> | <u>2,040</u> | <u>5,000</u> | <u>(2,960)</u> |
| | | | | - |
| Total receipts | <u>\$ 4,280</u> | <u>\$ 4,040</u> | <u>\$ 7,000</u> | <u>\$ (2,960)</u> |
| <u>Expenditures</u> | | | | |
| Program expenses | <u>\$ 3,541</u> | <u>\$ 3,691</u> | <u>\$ 7,947</u> | <u>\$ 4,256</u> |
| Total expenditures | <u>3,541</u> | <u>3,691</u> | <u>7,947</u> | <u>4,256</u> |
| Receipts over (under) expenditures | \$ 739 | \$ 349 | | |
| Unencumbered cash balance, beginning | <u>447</u> | <u>1,186</u> | | |
| Unencumbered cash balance, ending | <u>\$ 1,186</u> | <u>\$ 1,535</u> | | |

City of Argonia, Kansas

Special Purpose Fund

Argonia Drag Races**Schedule of Receipts and Expenditures - Actual**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 <u>Actual</u> |
|--------------------------------------|-----------------------|------------------------|
| <u>Receipts</u> | | |
| Entry fees | \$ - | \$ 6,675 |
| | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ -</u> | <u>\$ 6,675</u> |
| <u>Expenditures</u> | | |
| Program expenses | \$ - | \$ 4,881 |
| Total expenditures | <u>\$ -</u> | <u>\$ 4,881</u> |
| Receipts over (under) expenditures | \$ - | \$ 1,794 |
| Unencumbered cash balance, beginning | <u>-</u> | <u>-</u> |
| Unencumbered cash balance, ending | <u><u>\$ -</u></u> | <u><u>\$ 1,794</u></u> |

City of Argonia, Kansas
Special Purpose Fund
Argonia Recreation Fund
Schedule of Receipts and Expenditures-Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | <u>2017</u> | | Variance- Favorable/ (Unfavorable) |
|---|------------------------|------------------|---------------|--|
| | <u>2016 Actual</u> | <u>Actual</u> | <u>Budget</u> | |
| <u>Cash Receipts</u> | | | | |
| Rec Commission | \$ 4,000 | \$ 4,000 | 4,000 | - |
| | | | | - |
| Total cash receipts | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ - |
| <u>Expenditures</u> | | | | |
| Program expenses | \$ - | \$ - | \$ 12,000 | \$ 12,000 |
| | | | | |
| Total expenditures | - | - | <u>12,000</u> | <u>12,000</u> |
| Cash receipts over (under) expenditures | \$ 4,000 | \$ 4,000 | | |
| Unencumbered cash balance, beginning | <u>12,000</u> | <u>16,000</u> | | |
| Unencumbered cash balance, ending | <u>\$ 16,000</u> | <u>\$ 20,000</u> | | |

City of Argonia, Kansas

Bond and Interest Fund

Bond & Interest**Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | |
|---|------------------|------------------|------------------|-------------------------------------|
| | 2016 | | | Variance- |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Favorable/ (Unfavorable)</u> |
| <u>Receipts</u> | | | | |
| Ad valorem property tax | \$ 12,667 | \$ 12,939 | \$ 13,271 | \$ (332) |
| Less NRP rebate | (509) | (507) | (500) | (7) |
| Delinquent taxes | 289 | 380 | - | 380 |
| Motor vehicle tax | 2,740 | 2,653 | 2,503 | 150 |
| Recreational vehicle & 16/20M tax | 125 | 131 | 118 | 13 |
| Transfer from Water & Sewer fund | 25,000 | 25,000 | 25,000 | - |
| Sale of bonds | - | - | - | - |
| Total receipts | <u>\$ 40,312</u> | <u>\$ 40,596</u> | <u>\$ 40,392</u> | <u>\$ 204</u> |
| <u>Expenditures</u> | | | | |
| Interest on bonds | \$ 5,697 | \$ 5,540 | \$ 11,585 | \$ 6,045 |
| Principal on bonds | 30,000 | 30,000 | 25,000 | (5,000) |
| Fees | - | - | - | - |
| Principal paid - bonds refunded | - | - | - | - |
| Costs of issuance | - | - | - | - |
| Underwriting and refunding costs | - | - | - | - |
| Cash basis reserve | - | - | 30,710 | 30,710 |
| Total expenditures | <u>\$ 35,697</u> | <u>\$ 35,540</u> | <u>\$ 67,295</u> | <u>\$ 31,755</u> |
| Adjustment for qualifying budget credit | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total | <u>\$ 35,697</u> | <u>\$ 35,540</u> | <u>\$ 67,295</u> | <u>\$ 31,755</u> |
| Receipts over (under) expenditures | \$ 4,615 | \$ 5,056 | | |
| Unencumbered cash balance, beginning | <u>24,998</u> | <u>29,613</u> | | |
| Unencumbered cash balance, ending | <u>\$ 29,613</u> | <u>\$ 34,669</u> | | |

City of Argonia, Kansas
 Capital Project Fund
Capital Improvement Fund
Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
For the Year Ended December 31, 2017
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 <u>Actual</u> |
|--------------------------------------|-----------------------|-----------------------|
| <u>Receipts</u> | | |
| Sale of old equipment | \$ - | \$ - |
| Total receipts | <u>\$ -</u> | <u>\$ -</u> |
| <u>Expenditures</u> | | |
| Capital outlay | \$ - | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ -</u> |
| Receipts over (under) expenditures | \$ - | \$ - |
| Unencumbered cash balance, beginning | <u>11,068</u> | <u>11,068</u> |
| Unencumbered cash balance, ending | <u>\$ 11,068</u> | <u>\$ 11,068</u> |

City of Argonia, Kansas
Capital Project Fund
Sewer Improvement Fund - SRF
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 <u>Actual</u> |
|--------------------------------------|-----------------------|-----------------------|
| <u>Receipts</u> | | |
| State of Kansas Revolving Loan Fund | \$ - | \$ - |
| Other | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ -</u> | <u>\$ -</u> |
| <u>Expenditures</u> | | |
| Capital improvements | \$ - | \$ 4 |
| Total expenditures | <u>\$ -</u> | <u>\$ 4</u> |
| Receipts over (under) expenditures | \$ - | \$ (4) |
| Unencumbered cash balance, beginning | <u>4</u> | <u>4</u> |
| Unencumbered cash balance, ending | <u><u>\$ 4</u></u> | <u><u>\$ -</u></u> |

City of Argonia, Kansas
 Capital Project Fund
Water Improvement Fund - CDBG
Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 <u>Actual</u> |
|--------------------------------------|-----------------------|-----------------------|
| <u>Receipts</u> | | |
| CDBG grant | \$ - | \$ 497,250 |
| State of Kansas | <u>-</u> | <u>1,820,589</u> |
| Total receipts | <u>\$ -</u> | <u>\$ 2,317,839</u> |
| <u>Expenditures</u> | | |
| Capital improvements | <u>\$ -</u> | <u>\$ 2,317,839</u> |
| Total expenditures | <u>\$ -</u> | <u>\$ 2,317,839</u> |
| Receipts over (under) expenditures | \$ - | \$ - |
| Unencumbered cash balance, beginning | <u>5</u> | <u>5</u> |
| Unencumbered cash balance, ending | <u><u>\$ 5</u></u> | <u><u>\$ 5</u></u> |

City of Argonia, Kansas
 Business Fund
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
For the Year Ended December 31, 2017
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | Variance- |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------|
| | 2016 | | | Favorable/ |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>(Unfavorable)</u> |
| <u>Receipts</u> | | | | |
| Water sales | \$ 153,233 | \$ 160,811 | \$ 170,000 | \$ (9,189) |
| Sewer sales | 69,049 | 69,489 | 77,000 | (7,511) |
| Other revenue | 2,310 | 6,024 | 1,200 | 4,824 |
| Interest on idle funds | - | - | - | - |
| Miscellaneous | - | - | 3,000 | (3,000) |
| Total receipts | <u>\$ 224,592</u> | <u>\$ 236,324</u> | <u>\$ 251,200</u> | <u>\$ (11,876)</u> |
| <u>Expenditures</u> | | | | |
| Administration | | | | |
| Personal services | \$ 4,642 | \$ 4,655 | \$ 25,000 | \$ 20,345 |
| Employee benefits | 355 | 356 | 5,000 | 4,644 |
| Contractual services | 2,871 | 4,022 | 1,000 | (3,022) |
| Commodities | 1,556 | 1,146 | 2,500 | 1,354 |
| Other | (136) | (394) | 3,000 | 3,394 |
| Water utility deposit refund | - | 170 | - | (170) |
| Construction & engineering | 29,454 | 102,769 | 400,000 | 297,231 |
| Production and distribution | | | | |
| Personal services | 39,826 | 39,282 | 45,000 | 5,718 |
| Employee benefits | 4,462 | 4,109 | 25,000 | 20,891 |
| Contractual services | 20,817 | 20,366 | 10,000 | (10,366) |
| Commodities | 9,051 | 10,245 | 10,000 | (245) |
| Capital outlay | - | 53,213 | 20,000 | (33,213) |
| Debt service | | | | |
| Principal | 26,579 | 79,726 | 27,056 | (52,670) |
| Interest | 13,362 | 15,703 | 13,269 | (2,434) |
| Fees | 1,519 | 2,023 | - | (2,023) |
| Operating transfers | | | | |
| General fund | 20,000 | 20,000 | 20,000 | - |
| Bond and Interest fund | 25,000 | 25,000 | 25,000 | - |
| Total expenditures | <u>\$ 199,358</u> | <u>\$ 382,391</u> | <u>\$ 631,825</u> | <u>\$ 249,434</u> |
| Receipts over (under) expenditures | \$ 25,234 | \$ (146,067) | | |
| Unencumbered cash balance, beginning | <u>347,970</u> | <u>373,204</u> | | |
| Unencumbered cash balance, ending | <u>\$ 373,204</u> | <u>\$ 227,137</u> | | |

City of Argonia, Kansas

Business Fund

Gas Utility Fund**Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | Variance- |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|
| | 2016 | | | Favorable/ |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | (Unfavorable) |
| <u>Receipts</u> | | | | |
| Gas sales and service charges | \$ 151,851 | \$ 166,628 | \$ 315,000 | \$ (148,372) |
| Refund from gas company | - | (715) | 100 | (815) |
| Utility deposits | 3,472 | 1,714 | 5,000 | (3,286) |
| Other revenue | 824 | 35 | - | 35 |
| Interest earnings | <u>97</u> | <u>168</u> | <u>-</u> | <u>168</u> |
| Total receipts | <u>\$ 156,244</u> | <u>\$ 167,830</u> | <u>\$ 320,100</u> | <u>\$ (152,270)</u> |
| <u>Expenditures</u> | | | | |
| Administration | | | | |
| Personal services | \$ 4,642 | \$ 4,655 | \$ 10,000 | \$ 5,345 |
| Employee benefits | 355 | 356 | 5,000 | 4,644 |
| Contractual services | 3,384 | 4,119 | 5,000 | 881 |
| Commodities | 1,386 | 990 | 5,000 | 4,010 |
| Misc | - | - | - | - |
| Distribution | | | | |
| Personal services | 39,826 | 39,283 | 40,000 | 717 |
| Employee benefits | 4,462 | 4,109 | 7,500 | 3,391 |
| Contractual services | 12,528 | 12,104 | 15,000 | 2,896 |
| Commodities | 5,092 | 5,626 | 8,000 | 2,374 |
| Capital outlay | - | 1,500 | 10,000 | 8,500 |
| Gas utility deposit refund | 4,514 | 582 | 2,000 | 1,418 |
| Gas purchases | 57,004 | 67,864 | 260,490 | 192,626 |
| Operating transfer to general fund | <u>20,000</u> | <u>20,000</u> | <u>20,000</u> | <u>-</u> |
| Total expenditures | <u>\$ 153,193</u> | <u>\$ 161,188</u> | <u>\$ 387,990</u> | <u>\$ 226,802</u> |
| Receipts over (under) expenditures | \$ 3,051 | \$ 6,642 | | |
| Unencumbered cash balance, beginning | <u>52,697</u> | <u>55,748</u> | | |
| Unencumbered cash balance, ending | <u>\$ 55,748</u> | <u>\$ 62,390</u> | | |

City of Argonia, Kansas
 Business Fund
Ambulance Fund
Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
For the Year Ended December 31, 2017
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | Variance- Favorable/ (Unfavorable) |
|---|-----------------------|------------------|------------------|--|
| | 2016 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | |
| <u>Receipts</u> | | | | |
| Patient collections | \$ - | \$ 1,068 | \$ - | \$ 1,068 |
| Sumner County subsidy | 55,000 | 55,000 | 55,000 | - |
| Insurance Claim | 31,797 | - | - | - |
| Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ 86,797</u> | <u>\$ 56,068</u> | <u>\$ 55,000</u> | <u>\$ 1,068</u> |
| <u>Expenditures</u> | | | | |
| Contractual services | \$ 54,274 | \$ 46,555 | \$ 72,000 | \$ 25,445 |
| Commodities | 1,129 | 1,228 | 5,000 | 3,772 |
| Contingency | - | - | 3,263 | - |
| Capital Outlay | 25,000 | - | - | - |
| Transfer to equipment reserve | <u>1,584</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> |
| Total expenditures | <u>\$ 81,987</u> | <u>\$ 47,783</u> | <u>\$ 90,263</u> | <u>\$ 39,217</u> |
| Adjustment for qualifying budget credit | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures, adjusted | <u>\$ 81,987</u> | <u>\$ 47,783</u> | <u>\$ 90,263</u> | <u>\$ 39,217</u> |
| Receipts over (under) expenditures | \$ 4,810 | \$ 8,285 | | |
| Unencumbered cash balance, beginning | <u>31,263</u> | <u>36,073</u> | | |
| Unencumbered cash balance, ending | <u>\$ 36,073</u> | <u>\$ 44,358</u> | | |

City of Argonia, Kansas

Business Fund

Cemetery Fund**Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | |
|---|------------------|------------------|------------------|-----------------------------|
| | 2016 | | | Variance- |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Favorable/ (Unfavorable) |
| <u>Receipts</u> | | | | |
| Sale of lots and services | \$ 3,825 | \$ 1,700 | \$ 6,500 | \$ (4,800) |
| Farm income | 4,330 | 5,223 | 4,000 | 1,223 |
| Hangar lease | 300 | - | 300 | (300) |
| Other | - | - | - | - |
| Donations | - | 9,723 | 200 | 9,523 |
| Interest earnings | 14 | 7 | 25 | (18) |
| Operating transfer from Vera Linn Endowment | <u>3,000</u> | <u>700</u> | <u>2,000</u> | <u>(1,300)</u> |
| Total receipts | <u>\$ 11,469</u> | <u>\$ 17,353</u> | <u>\$ 13,025</u> | <u>\$ 4,328</u> |
| <u>Expenditures</u> | | | | |
| Personal services | \$ 3,816 | \$ 1,531 | \$ 5,000 | \$ 3,469 |
| Contractual services | 1,773 | 4,884 | 7,000 | 2,116 |
| Commodities | 5,113 | 11,639 | 10,000 | (1,639) |
| Capital outlay | 10,000 | - | 10,000 | 10,000 |
| Transfer to equipment reserve | <u>10,000</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> |
| Total expenditures | <u>\$ 30,702</u> | <u>\$ 18,054</u> | <u>\$ 42,000</u> | <u>\$ 23,946</u> |
| Receipts over (under) expenditures | \$ (19,233) | \$ (701) | | |
| Unencumbered cash balance, beginning | <u>74,553</u> | <u>55,320</u> | | |
| Unencumbered cash balance, ending | <u>\$ 55,320</u> | <u>\$ 54,619</u> | | |

City of Argonia, Kansas

Business Fund

Solid Waste Fund**Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | 2017 | | |
|--------------------------------------|------------------|------------------|------------------|-----------------------------|
| | 2016 | | | Variance- |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Favorable/ (Unfavorable) |
| <u>Receipts</u> | | | | |
| Refuse fees | \$ 50,145 | \$ 58,668 | \$ 54,000 | \$ 4,668 |
| Recycling income | - | - | 100 | (100) |
| Other | <u>70</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ 50,215</u> | <u>\$ 58,668</u> | <u>\$ 54,100</u> | <u>\$ 4,568</u> |
| <u>Expenditures</u> | | | | |
| Contractual services | \$ 51,254 | \$ 52,615 | \$ 53,000 | \$ 385 |
| Commodities | - | - | 1,128 | 1,128 |
| Miscellaneous | - | - | - | - |
| Transfer to Capital Improvement fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 51,254</u> | <u>\$ 52,615</u> | <u>\$ 54,128</u> | <u>\$ 1,513</u> |
| Receipts over (under) expenditures | \$ (1,039) | \$ 6,053 | | |
| Unencumbered cash balance, beginning | <u>(1,321)</u> | <u>(2,360)</u> | | |
| Unencumbered cash balance, ending | \$ (2,360) | \$ 3,693 | | |

City of Argonia, Kansas
Trust Fund
Vera M. Linn Cemetery Memorial Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | | <u>2017</u> | | |
|--------------------------------------|------------------|------------------|---------------|---|
| | <u>2016</u> | <u>Actual</u> | <u>Budget</u> | Variance- Favorable/ <u>Unfavorable</u> |
| <u>Receipts</u> | | | | |
| Interest | \$ 702 | \$ 788 | \$ 2,000 | \$ (1,212) |
| <u>Expenditures</u> | | | | |
| Operating transfer to Cemetery Fund | \$ 3,000 | \$ 700 | \$ 2,000 | \$ 1,300 |
| Total expenditures | \$ 3,000 | \$ 700 | \$ 2,000 | \$ 1,300 |
| Receipts over (under) expenditures | \$ (2,298) | \$ 88 | | |
| Unencumbered cash balance, beginning | <u>70,754</u> | <u>68,456</u> | | |
| Unencumbered cash balance, ending | <u>\$ 68,456</u> | <u>\$ 68,544</u> | | |

City of Argonia, Kansas

Trust Fund

Cemetery Building Fund**Schedule of Receipts and Expenditures - Actual and Budget**

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

| | 2016 <u>Actual</u> | 2017 | | Variance- Favorable/ Unfavorable |
|--------------------------------------|-----------------------|-----------------|-----------------|--|
| | | <u>Actual</u> | <u>Budget</u> | |
| <u>Receipts</u> | | | | |
| Interest | \$ 10 | \$ 3 | \$ 10 | \$ (7) |
| Donations | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total receipts | <u>\$ 10</u> | <u>\$ 3</u> | <u>\$ 10</u> | <u>\$ (7)</u> |
| <u>Expenditures</u> | | | | |
| Supplies, repairs, equipment | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,462</u> | <u>\$ 2,462</u> |
| Total expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,462</u> | <u>\$ 2,462</u> |
| Receipts over (under) expenditures | \$ 10 | \$ 3 | | |
| Unencumbered cash balance, beginning | <u>2,436</u> | <u>2,446</u> | | |
| Unencumbered cash balance, ending | <u>\$ 2,446</u> | <u>\$ 2,449</u> | | |

City of Argonia, Kansas
Agency Funds
Schedule of Regulatory Basis Receipts and Disbursements
For the Year Ended December 31, 2016

| <u>Funds</u> | <u>Beginning Cash Balance</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Ending Cash Balance</u> |
|------------------|-----------------------------------|-----------------|----------------------|--------------------------------|
| Payroll Clearing | \$ <u>482</u> | \$ <u>-</u> | \$ <u>(965)</u> | \$ <u>1,447</u> |